

Neo-liberalism and the End of Liberal Democracy

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1.

For the American Left, the wake of 9/11, the War on Terrorism, practices of "homeland security," and the recent invasions of Afghanistan and Iraq together produce a complex set of questions about what to think, what to stand for, and what to organize. These questions are contoured both by our diagnosis of the current orders of power and rule and by our vision of alternatives to these orders. This essay aims to contribute to our necessarily collaborative intellectual effort -- no single analysis can be comprehensive -- at diagnosing the present and formulating alternatives by reflecting on the political rationality taking shape in the U.S. over the past quarter century.¹

2.

It is commonplace to speak of the present regime in the United States as a neo-conservative one, and to cast as a consolidated "neo-con" project present efforts to intensify U.S. military capacity, increase U.S. global hegemony, dismantle the welfare state, retrench civil liberties, eliminate the right to abortion and affirmative action, re-Christianize the state, de-regulate corporations, gut environmental protections, reverse progressive taxation, reduce education spending while increasing prison budgets, and feather the nests of the rich while criminalizing the poor. I do not contest the existence of a religious-political project known as neo-conservatism nor challenge the appropriateness of understanding many of the links between these objectives in terms of a neo-conservative agenda. However, I want to background this agenda in order to consider our current predicament in terms of a neo-liberal political rationality, a rationality that exceeds particular positions on particular issues, and one that undergirds important features of the Clinton decade as well as the Reagan-Bush years. Further, I want to consider the way that this rationality is emerging as governmentality -- a mode of governance encompassing but not limited to the state, and one which produces subjects, forms of citizenship and behavior, and a new organization of the social.²

3.

In ordinary parlance, neo-liberalism refers to the repudiation of Keynesian welfare state economics and the ascendance of the Chicago School of political economy -- von Hayek, Friedman, et al. In popular usage, neo-liberalism is equated with a radically free market: maximized competition and free trade achieved through economic de-regulation, elimination of tariffs, and a range of monetary and social policies favorable to business and indifferent toward poverty, social deracination, cultural decimation, long term resource depletion and environmental destruction. Neo-liberalism is most often invoked in relation to the Third World, referring either to NAFTA-like schemes that increase the vulnerability of poor nations to the vicissitudes of globalization or to International Monetary Fund and World Bank policies which, through financing packages attached to "restructuring" requirements, yank the chains of every aspect of Third World existence, including political institutions and social formations. For progressives, neo-liberalism is thus a pejorative not only because it conjures economic policies which sustain or deepen local poverty and the subordination of peripheral to core nations, but also because it is compatible with, and sometimes even productive of, authoritarian, despotic, paramilitaristic, and/or corrupt state forms and agents within civil society.

4.

While these referents capture an important effect of neo-liberalism, they also reduce neo-liberalism to a bundle of economic policies with inadvertent political and social consequences: they eschew the *political rationality* that both organizes these policies and reaches beyond the market. Moreover, these referents do not capture the *neo* in neo-liberalism, tending instead to treat the contemporary phenomenon as little more than a revival of classical liberal political economy. Finally, they obscure the specifically political register of neo-liberalism in the First World, that is, its powerful erosion of liberal democratic institutions and practices in places like the United States. My concern in this essay is with these neglected dimensions of neo-liberalism.

5.

One of the more incisive accounts of neo-liberal *political rationality* comes from a surprising quarter: Michel Foucault is not generally heralded as a theorist of liberalism or of political economy. Yet Foucault's 1978 and 1979 *College de France* lectures, still untranscribed and unpublished, consisted of presentations of his critical analysis of two groups of neo-liberal

economists: the *Ordo*-liberal school in postwar Germany (so named because its members, originally members of the "Freiburg School," published primarily in the journal, *Ordo*), and the Chicago School arising mid-century in the United States. Thanks to German sociologist Thomas Lemke, we have an excellent summary and interpretation of Foucault's lectures on neo-liberalism; in what follows I will draw extensively from Lemke's work.³

6.

It may be helpful, before beginning a consideration of neo-liberalism as a political rationality, to mark the conventional difference between political and economic liberalism, a difference especially confusing for Americans where "liberal" tends to signify a progressive political viewpoint and, in particular, support for the welfare state and other New Deal institutions, along with relatively high levels of political and legal intervention in the social sphere.⁴ In addition, given the contemporary phenomena of both neo-conservatism and neo-liberalism, and the association of both with the political right, ours is a time of often bewildering political nomenclature.⁵ Briefly, then, in *economic* thought, liberalism contrasts with mercantilism on one side and Keynesianism or socialism on the other; its classical version refers to a maximization of free trade and competition achieved by minimum interference from political institutions. In the history of *political* thought, while individual liberty remains a touchstone, liberalism signifies an order in which the state exists to secure the freedom of individuals on a formally egalitarian basis. A liberal political order may harbor either liberal or Keynesian economic policies -- it may lean more in the direction of maximizing liberty (its politically "conservative" tilt) or maximizing equality (its politically "liberal" tilt) but in contemporary political parlance, it is no more or less a liberal democracy because of one leaning or the other. Indeed, the American convention of referring to advocates of the welfare state as political liberals is especially peculiar given that American conservatives generally hew more closely to both the classical economic and political doctrines of liberalism -- it turns the meaning of liberalism in the direction of *liberality* rather than *liberty*.

7.

For our purposes what is crucial is that *the liberalism in what has come to be called neo-liberalism refers to liberalism's economic variant*, recuperating selected pre-Keynesian assumptions about the generation of wealth and its distribution, rather than to liberalism as a political doctrine, set of political

institutions, or political practices. The "neo" in neo-liberalism, however, establishes these principles on a significantly different analytic basis from those set forth by Adam Smith, as will become clear below. Moreover, neo-liberalism is not simply a set of economic policies; it is not only about facilitating free trade, maximizing corporate profits, and challenging welfarism. Rather, neo-liberalism carries a social analysis which, when deployed as a form of governmentality, reaches from the soul of the citizen-subject to education policy to practices of empire. Neo-liberal rationality, while foregrounding the market, is not only or even primarily focused on the economy; rather it involves *extending and disseminating market values to all institutions and social action*, even as the market itself remains a distinctive player. This essay explores the *political* implications of neo-liberal rationality for liberal democracy, the implications of the political rationality corresponding to, legitimating, and legitimated by the neo-liberal turn.

8.

While Lemke, following Foucault, is careful to mark some of the differences between *Ordo*-liberal thought and its successor and radicalizer, the Chicago School, I shall be treating contemporary neo-liberal political rationality without attending to these differences in some of its source material (See footnote 3). A rich genealogy of neo-liberalism as it is currently practiced would be quite useful, one that mapped and contextualized the contributions of the two schools of political economy, traced the ways that rational choice theory differentially adhered and evolved in the various social sciences and their governmental applications, and the interplay of all these currents with developments in capital over the last half century. But this essay is not such a genealogy. Rather, my aim is to consider our current political predicament in terms of neo-liberal political rationality, the chief characteristics of which are the following:

9.

1) The political sphere, along with every other dimension of contemporary existence, is submitted to an economic rationality, or put the other way around, not only is the human being configured exhaustively as *homo oeconomicus*, all dimensions of human life are cast in terms of a market rationality. While this entails submitting every action and policy to considerations of profitability, equally important is the production of all human and institutional action as rational entrepreneurial action, conducted according to a calculus of utility, benefit, or satisfaction against a micro-economic

grid of scarcity, supply and demand, and moral value-neutrality. Neo-liberalism does not simply assume that all aspects of social, cultural and political life can be reduced to such a calculus, rather it develops institutional practices and rewards for enacting this vision. That is, through discourse and policy promulgating its criteria, neo-liberalism produces rational actors and imposes market rationale for decision-making in all spheres. Importantly then, neo-liberalism involves a normative rather than ontological claim about the pervasiveness of economic rationality and advocates the institution building, policies, and discourse development appropriate to such a claim. Neo-liberalism is a constructivist project: it does not presume the ontological givenness of a thoroughgoing economic rationality for all domains of society but rather takes as its task the development, dissemination, and institutionalization of such a rationality. This point is further developed in (2) below.

10.

2) In contrast with the notorious *laissez faire* and human propensity to "truck and barter" of classical economic liberalism, neo-liberalism does not conceive either the market itself or rational economic behavior as purely natural. Both are constructed -- organized by law and political institutions, and requiring political intervention and orchestration. Far from flourishing when left alone, the economy must be directed, buttressed, and protected by law and policy as well as by the dissemination of social norms designed to facilitate competition, free trade, and rational economic action on the part of every member and institution of society. In Lemke's account, "In the Ordo-liberal scheme, the market does not amount to a natural economic reality, with intrinsic laws that the art of government must bear in mind and respect; instead, the market can be constituted and kept alive only by dint of political interventions . . . competition, too, is not a natural fact . . . this fundamental economic mechanism can function only if support is forthcoming to bolster a series of conditions, and adherence to the latter must consistently be guaranteed by legal measures" (193).

11.

The neo-liberal formulation of the state and especially specific legal arrangements and decisions as the pre- and ongoing condition of the market does not mean that the market is controlled by the state but precisely the opposite, that the market is the organizing and regulative principle of the state and society and this along four different lines:

12.

a) The state openly responds to needs of the market, whether

through monetary and fiscal policy, immigration policy, the treatment of criminals, or the structure of public education. In so doing, the state is no longer encumbered by the danger of incurring the legitimation deficits predicted by 1970s social theorists and political economists such as Nicos Poulantzas, Jurgen Habermas, or James O'Connor.⁶ Rather, neo-liberal rationality extended to the state itself indexes state success according to its ability to sustain and foster the market and ties state legitimacy to such success. This is a new form of legitimation, one that "founds a state" according to Lemke, and contrasts with the Hegelian and French revolutionary notion of the constitutional state as the emergent universal representative of the people. As Lemke describes Foucault's account of *Ordo*-liberal thinking, "economic liberty produces the legitimacy for a form of sovereignty limited to guaranteeing economic activity . . . a state that was no longer defined in terms of an historical mission but legitimated itself with reference to economic growth" (196).

13.

b)The state itself is enfolded and animated by market rationality, not simply profitability, but a generalized calculation of cost and benefit becomes the measure of all state practices. Political discourse on all matters is framed in entrepreneurial terms; *the state must not simply concern itself with the market but think and behave like a market actor* across all of its functions, including law.⁷

14.

c)Putting (a) and (b) together, the health and growth of the economy is *the* basis of state legitimacy both because the state is forthrightly responsible for the health of the economy and because of the economic rationality to which state practices have been submitted. Thus, "It's the economy, stupid" becomes more than a campaign principle; rather, it expresses the legitimacy principle of the state and the basis for state action -- from Constitutional adjudication and campaign finance reform to welfare policy to foreign policy, including warfare and the organization of "homeland security."

15.

3)The extension of economic rationality to formerly non-economic domains and institutions extends to individual conduct, or more precisely, prescribes citizen-subject conduct in a neo-liberal order. Whereas classical liberalism articulated a distinction, and at times even a tension, among the criteria for individual moral, associational, and economic actions (hence the striking differences

in tone, subject matter and even prescription between Adam Smith's *Wealth of Nations* and his *Theory of Moral Sentiments*), neo-liberalism normatively constructs and interpellates individuals as entrepreneurial actors in every sphere of life. It figures individuals as rational, calculating creatures whose moral autonomy is measured by their capacity for "self-care" -- the ability to provide for their own needs and service their own ambitions. In making the individual fully responsible for her/himself, neo-liberalism equates moral responsibility with rational action; it relieves the discrepancy between economic and moral behavior by configuring morality entirely as a matter of rational deliberation about costs, benefits, and consequences. In so doing, it also carries responsibility for the self to new heights: the rationally calculating individual bears full responsibility for the consequences of his or her action no matter how severe the constraints on this action, e.g., lack of skills, education, and childcare in a period of high unemployment and limited welfare benefits. Correspondingly, a "mismanaged life" becomes a new mode of depoliticizing social and economic powers and at the same time reduces political citizenship to an unprecedented degree of passivity and political complacency. The model neo-liberal citizen is one who strategizes for her/ himself among various social, political and economic options, not one who strives with others to alter or organize these options. A fully realized neo-liberal citizenry would be the opposite of public-minded, indeed it would barely exist as a public. The body politic ceases to be a body but is, rather, a group of individual entrepreneurs and consumers . . . which is, of course, exactly the way voters are addressed in most American campaign discourse.⁸ Other evidence for progress in the development of such a citizenry is not far from hand: consider the market rationality permeating universities today, from admissions and recruiting to the relentless consumer mentality of students in relationship to university brand names, courses, and services, from faculty raiding and pay scales to promotion criteria.⁹ Or consider the way in which consequential moral lapses (of a sexual or criminal nature) by politicians, business executives, or church and university administrators are so often apologized for as "mistakes in judgement," implying that it was the calculation that was wrong, not the act, actor, or rationale.

The state is not without a project in the making of the neo-liberal subject. The state attempts to construct prudent subjects through policies that organize such prudence: this is the basis of a range of welfare reforms such as workfare and single-parent penalties,

changes in the criminal code such as the "three strikes law," and educational voucher schemes. Because neo-liberalism casts rational action as a norm rather than an ontology, social policy is the means by which the state produces subjects whose compass is set by their rational assessment of the costs and benefits of certain acts, whether teen pregnancy, tax cheating, or retirement planning. The neo-liberal citizen is calculating rather than rule-abiding, a Benthamite rather than a Hobbesian. The state is one of many sites framing the calculations leading to social behaviors that keep costs low and productivity high.

17.

This mode of governmentality (techniques of governing that exceed express state action and orchestrate the subject's conduct toward him or herself) convenes a "free" subject who rationally deliberates about alternative courses of action, makes choices, and bears responsibility for the consequences of these choices. In this way, Lemke argues, "the state leads and controls subjects without being responsible for them," as individual 'entrepreneurs' in every aspect of life, subjects become wholly responsible for their well-being and citizenship is reduced to success in this entrepreneurship (201). Neo-liberal subjects are controlled *through* their freedom -- not simply, as thinkers from the Frankfurt School through Foucault have argued, because freedom within an order of domination can be an instrument of that domination -- but because of neo-liberalism's *moralization* of the consequences of this freedom. This also means that the withdrawal of the state from certain domains and the privatization of certain state functions does not amount to a dismantling of government but, rather, constitutes a technique of governing, indeed the signature technique of neo-liberal governance in which rational economic action suffused throughout society replaces express state rule or provision. Neo-liberalism shifts "the regulatory competence of the state onto 'responsible,' 'rational' individuals [with the aim of] encourag[ing] individuals to give their lives a specific entrepreneurial form" (Lemke 202).

18.

4) Finally, the suffusion of both the state and the subject with economic rationality has the effect of radically transforming and narrowing the criteria for good social policy *vis a vis* classical liberal democracy. Not only must social policy meet profitability tests, incite and unblock competition, and produce rational subjects, it obeys the entrepreneurial principle of "equal inequality for all" as it "multiplies and expands entrepreneurial forms within

the body social" (Lemke 195). This is the principle that links the neo-liberal governmentalization of the state with the development of a neo-liberal social sphere and neo-liberal subjects.

19.

Taken together, the extension of economic rationality to all aspects of thought and activity, the placement of the state in forthright and direct service to the economy, the rendering of the state *tout court* as an enterprise organized by market rationality, the production of the moral subject as an entrepreneurial subject, and the construction of social policy according to these criteria, might appear as a more intensive rather than fundamentally new form of the saturation of social and political realms by capital. That is, the political rationality of neo-liberalism might be read as issuing from a stage of capitalism which simply underscores Marx's argument that capital penetrates and transforms every aspect of life -- remaking everything in its image and reducing every value and activity to its cold rationale. All that would be new here is the flagrant and relentless submission of the state and the individual, the church and the university, morality, sex, marriage, and leisure practices to this rationale. Or better, the only novelty would be the recently achieved hegemony of rational choice theory in the human sciences, self-represented as an independent and objective branch of knowledge rather than an expression of the dominance of capital.

20.

Another reading that would figure neo-liberalism as continuous with the past would theorize it through Weber's rationalization thesis rather than Marx's argument about capital. The extension of market rationality to every sphere, and especially the reduction of moral and political judgement to a cost/benefit calculus, would represent precisely the evisceration of substantive values by instrumental rationality that Weber predicted as the future of a disenchanted world. Thinking and judging are reduced to instrumental calculation in this 'polar night of icy darkness' -- there is no morality, no faith, no heroism, indeed no meaning outside the market.

21.

However, invaluable as Marx's theory of capital and Weber's theory of rationalization are in theorizing aspects of neo-liberalism, neither brings into view the historical-institutional rupture it signifies, the form of governmentality it replaces and the form it inaugurates, and hence, the modalities of resistance it outmodes and those that must be developed if it is to be effectively challenged. Neo-

liberalism is not an inevitable historical development of capital and instrumental rationality; it is not the unfolding of laws of capital or of instrumental rationality suggested by a Marxist or Weberian analysis but represents instead a new and contingent organization and operation of both. Moreover, neither analysis articulates the shift neo-liberalism heralds from relatively *differentiated* moral, economic, and political rationalities and venues in liberal democratic orders to their discursive and practical integration. Neo-liberal governmentality undermines the relative autonomy of certain institutions from one another and from the market -- law, elections, the police, the public sphere -- an independence that formerly sustained an interval and a tension between a capitalist political economy and a liberal democratic political system. The implications of this transformation are significant. If Marcuse worried about the loss of a dialectical opposition *within* capitalism when it "delivers the goods," that is, when, by mid-twentieth century, a relatively complacent middle class had taken the place of the hard-laboring impoverished masses Marx depicted as the negating contradiction to the concentrated wealth of capital, neo-liberalism entails the erosion of oppositional political, moral, or subjective claims located *outside* capitalist rationality but inside liberal democratic society, that is, the erosion of institutions, venues, and values organized by non-market rationalities in democracies. When democratic principles of governance, civil codes, and even religious morality are submitted to economic calculation, when no value or good stands outside of this calculus, sources of opposition to, and mere modulation of, capitalist rationality disappear. This reminds us that however much a Left analysis has identified a liberal political order with legitimating, cloaking, and mystifying the stratifications of society achieved by capitalism and achieved as well by racial, sexual, and gender superordinations, it is also the case that liberal democratic principles of governance -- liberalism as a political doctrine -- have functioned as something of an antagonism to these stratifications. As Marx himself argued in "On the Jewish Question," formal political principles of equality and freedom (with their attendant promises of individual autonomy and dignity) figure an alternative vision of humanity and alternative social and moral referents to those of the capitalist order within which they are asserted. This is the Janus-face or at least Janus-potential of liberal democracy *vis a vis* a capitalist economy: while liberal democracy encodes, reflects, and legitimates capitalist social relations, it simultaneously resists, counters, and tempers them.

Put simply, what liberal democracy has provided over the last two centuries is a modest ethical gap between economy and polity. Even as liberal democracy converges with many capitalist values (property rights, individualism, Hobbesian assumptions underneath all contract, etc.) the formal distinction it establishes between moral and political principles on the one hand and the economic order on the other has also served as insulation against the ghastliness of life exhaustively ordered by the market and measured by market values. It is this gap that a neo-liberal political rationality closes as it submits every aspect of political and social life to economic calculation: asking not, for example, what does liberal constitutionalism stand for, what moral or political values does it protect and preserve, but rather what efficacy or profitability does constitutionalism promote . . . or interdict?

23.

Liberal democracy cannot be submitted to neo-liberal political governmentality and survive. There is nothing in liberal democracy's basic institutions or values -- from free elections, representative democracy, and individual liberties equally distributed, to modest power-sharing or even more substantive political participation -- that inherently meets the test of serving economic competitiveness or inherently withstands a cost-benefit analysis. And it is liberal democracy that is going under in the present moment, even as the flag of American "democracy" is being planted everywhere it finds or creates soft ground. (The fact that "democracy" is the rubric under which so much anti-democratic imperial and domestic policy is enacted suggests that we are in an inter-regnum, or more precisely, that neo-liberalism borrows extensively from the old regime to legitimate itself even as it also develops and disseminates new codes of legitimacy. More about this below.)

24.

Nor is liberal democracy simply a temporary casualty of recent events or of a neo-conservative agenda. As the foregoing account of neo-liberal governmentality suggests, while post 9/11 international and domestic policy may have both hastened and highlighted the erosion of liberal democratic institutions and principles, this erosion is not simply the result of a national security strategy or even of the Bush administration's unprecedented indifference to the plight of the poor, civil liberties, law valued as principle rather than tactic, or conventional liberal democratic criteria for legitimate foreign policy.¹⁰ My argument here is twofold. First, neo-liberal rationality has not caused but rather has

facilitated the dismantling of democracy during the current national security crisis. Democratic values and institutions are trumped by a cost-benefit and efficiency rationale for practices ranging from government secrecy, even government lying, to the curtailment of civil liberties. Second, the post-9/11 period has brought the ramifications of neo-liberal rationality clearly into focus, largely through practices and policies that progressives assail as hypocrisies, lies, or contradictions but which may be better understood as neo-liberal policies and actions taking shape under the legitimating cloth of a liberal democratic discourse increasingly void of substance.

25.

The Bush Administration's imperial adventures in Afghanistan and Iraq clearly borrowed extensively from the legitimating rhetoric of democracy. Not only were both wars conducted as battles for "our way of life" against regimes said to harbor enemies (terrorists) or dangers (weapons of mass destruction) to that way of life, both violations of national sovereignty were justified by the argument that democracy could and ought to take shape in those places -- each nation was said to need liberation from brutal and despotic rule. The standard Left criticism of the first justification is that "our way of life" is more seriously threatened by a politics of imperialism and policies of homeland security than by these small nations. But this criticism ignores the extent to which "our way of life" is being figured in a neo-liberal rather than classically liberal democratic idiom, that is, as the ability of the entrepreneurial subject and state to rationally plot means and ends and the ability of the state to secure the conditions, at home and abroad, for a market rationality and subjectivity by removing impediments to them (whether Islamic fundamentalism or excessive and arbitrary state sovereignty in the figure of Saddam Hussein). Civil liberties are perfectly expendable within this conception of "our way of life;" unlike property rights, they are largely irrelevant to *homo oeconomicus*. Their attenuation or elimination does not falsify the project of protecting democracy in its neo-liberal mode.

26.

The Left criticized the second justification, that the U.S. could or ought to liberate Afghanistan from the Taliban and Iraq from Hussein as both hypocritical (the U.S. had previously funded and otherwise propped both regimes) and disingenuous (U.S. foreign policy has never rested on the principle of developing democracy and was not serious about the project in these settings). Again, however, translated into neo-liberal terms, "democracy," here or

there, does not signify a set of independent political institutions and civic practices comprising equality, freedom, autonomy and the principle of popular sovereignty but rather, indicates only a state and subjects organized by market rationality. Indeed, democracy could even be understood as a code word for availability to this rationality; removal of the Taliban and Baath party pave the way to that availability and democracy is simply the name of the regime, conforming to neo-liberal requirements, that must replace them. When Paul Bremer, U.S.-appointed interim governor of Iraq, declared on May 26 (just weeks after the sacking of Baghdad and four days after the UN lifted economic sanctions), that Iraq was "open for business," he made clear exactly how democracy would take shape in post-Saddam Iraq. A flood of duty-free imported goods poured into the country, finishing off many already war-damaged local Iraqi businesses. Multinationals tumbled over themselves to get a piece of the action in Iraq, and foreign direct investment to replace and privatize state industry was described by the corporate executives advising the Bush administration as the "answer to all of Iraq's problems."¹¹ The question of democratic institutions, Bremer made clear by scrapping early plans to form an interim Iraqi government in favor of installing his own team of advisors, was at best secondary to the project of privatizing large portions of the economy and outsourcing the business of policing a society in rubble, chaos, and terror occasioned by the combination of ongoing military skirmishes and armed local gangs.¹²

27.

It is no news that replacements for the Taliban and the Baath regimes need not be rights-based, formally egalitarian, representative, or otherwise democratic in order to serve the purposes of global capitalism or the particular geopolitical interests of the United States. Nor is it news that replacements of these regimes need not be administered by the Afghans or Iraqis themselves to satisfy these purposes and interests, though the residues of old-fashioned democracy inside the legitimization project of neo-liberalism make even puppet rule by local elites or faux rule by a governing council ideologically preferable to full-fledged American occupation. What is striking, however, is the boldness of a raw market approach to political problem solving, the extent to which a flourishing market economy built on foreign investment and radical privatization schemes are offered not simply as the path to democracy but as the name and the measure of democracy in these nations, a naming and measuring first appearing in post-89 Eastern Europe a decade earlier. Not only are democratic institutions largely irrelevant -- and at times even impediments -- to

neo-liberal governmentality, the success of such governmentality does not depend on the question of whether it is locally administered or externally imposed. Market rationality knows no culture or country and administrators are, as the economists say, fungible. Indeed, at this juncture in the displacement of liberal democracy by neo-liberal governmentality, the question is how much legitimacy neo-liberal governance requires from a democratic vocabulary, that is, how much does neo-liberalism have to cloak itself in liberal democratic discourse and work with liberal democratic institutions. This is less a theoretical question than a historical empirical one about how deeply and extensively neo-liberal rationality has taken hold as ideology, that is, how much and where neo-liberal governance can legitimate itself in its own terms, without borrowing from other discourses. (Neo-liberalism can become dominant as governmentality without being dominant as ideology -- the former refers to governing practices and the latter to a popular order of belief that may or may not be fully in line with the former, indeed may even be a site of resistance to it.) Clearly, a rhetoric of democracy and the shell of liberal democratic institutions remain more important in the imperial heartland than in recently "liberated"/conquered societies with little or no democratic traditions of legitimacy. However, the fact that G. W. Bush retains the support of the majority of the American people, despite his open flaunting of democratic principles amidst a failing economy and despite, too, evidence that the public justification for invading Iraq was based on cooked intelligence, suggests that neo-liberalism has taken deep hold in the homeland. Particularly striking is the number of pundits who have characterized this willful deceit of the people as necessary rather than criminal, a means to a rational end, reminding us that one of the more dangerous features of neo-liberal evisceration of a non-market morality lies in undercutting the basis for judging government actions by criteria other than expedience.¹³

28.

Just as neo-liberal governmentality reduces the tension historically borne by the state between democratic values and the needs of capital as it openly weds the state to capital and resignifies democracy as ubiquitous entrepreneurialism, neo-liberalism also smooths an old wrinkle in the fabric of liberal democratic foreign policy between domestic political values and international interests. During the Cold War, political progressives could use American sanctimoniousness about democracy to condemn international actions that propped or installed authoritarian regimes and overthrew popularly elected leaders in the Third World. The

divergence between strategic international interests and democratic ideology produced a potential legitimation problem for foreign policy, especially that pertaining to Southeast Asia and Central and Latin America. Neo-liberalism, by redefining democracy as thoroughgoing market rationality in state and society, a redefinition abetted by the postcommunist "democratization" process in eastern Europe, largely eliminates this legitimation problem.

2. Mourning Liberal Democracy

29.

An assault on liberal democratic values and institutions has been plenty evident in particular recent events: civil liberties undermined by the USA Patriot Acts and Total Information Awareness (later renamed Total Terror Awareness) scheme, Oakland police shooting wood and rubber bullets at peaceful anti-war protesters, a proposed Oregon law to punish all civil disobedience as terrorism (replete with 25 year jail terms), and McCarthyite deployments of patriotism to suppress ordinary dissent and its iconography. It is evident as well in the staging of aggressive imperial wars and ensuing occupations along with the continued dismantling of the welfare state and progressive taxation schemes already stripped by the Reagan, Bush Sr. and Clinton administrations. It has been more subtly apparent in "softer" events: the de-funding of public education that led 84 Oregon school districts to sheer almost a month off of the school year in spring 2003 and delivered provisional pink slips to thousands of California teachers at the end of the 2002-03 academic year.¹⁴ Or the debate about whether anti-war protests constituted unacceptable costs for a financially strapped cities -- even many critics of current U.S. foreign policy expressed anger at peaceful civil disobedients for the expense and disruption they caused, implying that the value of public opinion and protest should be measured against its dollar cost.¹⁵ Together these phenomena suggest a transformation of American liberal democracy into a political and social form for which we do not yet have a name, a form organized by a combination of neo-liberal governmentality and imperial world politics, contoured in the short run by conditions of global economic and global security crises. They indicate a form in which the contemporary imperial agenda is able to take hold precisely because the domestic soil has been loosened for it by neo-liberal rationality.

30.

This form is not fascism or totalitarian as we have known them

historically nor are these appellations likely to be most helpful identifying or criticizing it.¹⁶ Rather, this is a political condition in which the substance of many of the significant features of constitutional and representative democracy have been gutted, jettisoned, or end-run, even as they continue to be promulgated ideologically, serving as a foil and shield for their undoing and for the doing of death elsewhere. These features include civil liberties equally distributed and protected; a press and other journalistic media minimally free from corporate ownership on one side and state control on the other; uncorrupted and unbought elections; quality public education oriented, *inter alia*, to producing the literacies relevant to informed and active citizenship; government openness, honesty and accountability; a judiciary modestly insulated from political and commercial influence; separation of church and state; and a foreign policy guided at least in part by the rationale of protecting these domestic values. None of these constitutive elements of liberal democracy was ever fully realized in its short history -- they have always been compromised by a variety of economic and social powers from white supremacy to capitalism. And liberal democracies in the First World have always required other peoples to pay -- politically, socially, and economically -- for what these societies have enjoyed, that is, there has always been a colonially and imperially inflected gap between what has been valued in the core and what has been required from the periphery. So it is important to be precise here. Ours is not the first time in which elections have been bought, manipulated and even engineered by the courts, the first time the press has been slavish to state and corporate power, the first time the U.S. has launched an aggressive assault on a sovereign nation or threatened the entire world with its own weapons of mass destruction. What is unprecedented about this time is the extent to which basic principles and institutions of democracy are becoming anything other than ideological shells for their opposite as well as the extent to which these principles and institutions are being abandoned even as values by large parts of the American population. This includes the development of the most secretive government in 50 years (the gutting of the Freedom of Information Act was one of the quiet early accomplishments of the current Administration, the "classified" status of its more than 1000 contracts with Halliburton one of its more recent); the plumping of corporate wealth combined with the elimination of social spending reducing the economic vulnerability of the poor and middle classes; a bought, consolidated, and muffled press that willingly cooperates in its servitude (emblematic in this regard is the Judith Miller (non)scandal, in which the star *New York Times* journalist

wittingly reported Pentagon propaganda about Iraqi WMDs as journalistically discovered fact); and intensified policing in every corner of American life -- airports, university admissions offices, mosques, libraries, workplaces -- a policing undertaken both by official agents of the state and by an interpellated citizenry. A potentially permanent "state of emergency" combined with an infinitely expandable rhetoric of patriotism overtly legitimates undercutting the Bill of Rights and legitimates as well abrogation of conventional democratic principles in setting foreign policy, principles that include respect for nation state sovereignty and reasoned justifications for war. But behind these rhetorics there is another layer of discourse facilitating the dismantling of liberal democratic institutions and practices, a governmentality of neo-liberalism that eviscerates non-market morality and thus erodes the root of democracy in principle at the same time that it raises the status of profit and expediency as the criteria for policy making.

31.

There is much that is disturbing in the emergence of neo-liberal governmentality and a great deal more work to do in theorizing it. In particular, as I suggested at the outset of this essay, filling in the contemporary political picture would require mapping the convergences and tensions between a (non-partisan) neo-liberal governmentality on the one hand and the specific agendas of Clintonian centrists and Reagan-Bush neo-conservatives on the other. It would require exploring the continued efficacy of political rhetorics of morality and principle as neo-liberalism voids the substance of and undercuts the need for extra-market morality. It would require discerning what distinguishes neo-liberalism from old-fashioned corporatism and old-fashioned political realism. It would require examining the contradictory political imperatives delivered by the market and set as well by the tensions between nation state interests and globalized capitalism indifferent to states and sovereignty. Above all, it would require examining the points at which U.S. imperial policies converge with and diverge from or even conflict with neo-liberal governmentality.

32.

By way of conclusion, however, I leave aside these questions to reflect briefly on the implications of losing liberal democracy for the Left. While leftists of the last quarter century were rarely as antagonistic to liberal democracy as the Old Left, neither did we fully embrace it; at times we resented and railed against it and certainly we harbored an aim to transform it into something else -- social democracy or some form of radical democracy. So the Left

is losing something it never loved, or at best was highly ambivalent about. We are also losing a site of criticism and political agitation - we criticized liberal democracy not only for its hypocrisy and ideological trickery but also for its institutional and rhetorical embedding of bourgeois, white, masculinist and heterosexual superordination at the heart of humanism. Whatever loose identity we had as a Left took shape in terms of a differentiation from liberalism's willful obliviousness to social stratification and injury glossed and hence secured by its formal juridical categories of liberty and equality.

33.

Still, liberalism, as Gayatri Spivak once wrote in a very different context, is also that which one "cannot not want" (given the other historical possibilities, given the current historical meaning of its deprivation). Even here, though, the desire and attachment is framed as roundabout and against itself, as Spivak's artful double negative indicates. It indicates a dependency we are not altogether happy about, an organization of desire we wish were otherwise. What might be the psychic/social/intellectual implications for Leftists of losing this vexed object of attachment? What are the possible trajectories for a melancholic incorporation of that toward which one is, at best, openly ambivalent, at worst, hostile, resentful, rebellious?

34.

Freud posits melancholy as occasioned by ambivalence, though the ambivalence may be more unconsciously sustained than I am suggesting is the case for the Left's relationship to liberal democracy. More precisely, Freud's focus in theorizing melancholy is love that does not know or want to avow its hostility whereas the task before us is to consider hostility that does not know or want to avow its love or dependency. Still, Freud's thinking about melancholia remains useful here as a theory of loss amidst ambivalent attachment and dependence, and a theory of identity formation at the site of an ungrievable passion or attachment. It reminds us to consider how Left melancholia about liberal democracy would not just be a problematic affect but constitute a formation of the Left itself.

35.

Incorporating the death of a loathed object to which one was nonetheless attached often takes the form of acting out the loathed qualities of the object. I once had an acquaintance whose much despised and abusive father died. While my friend overtly rejoiced at his passing, in the ensuing months she engaged in extraordinary

outbursts of verbal and physical abuse toward friends and colleagues, even throwing things at them as she had described her father throwing household objects during her childhood. Another friend buried, after years of illness, a childish, hysterical, histrionic and demanding mother, one who relentlessly produced herself as a victim amidst her own aggressive demands. Relieved as my friend was to have done with this parent, what should emerge over the following year but exactly such tendencies in her own relationships? So this is one danger: that we would act out to keep alive those aspects of the political formation we are losing, that we would take up and perform liberal democracy's cruelties or duplicities, stage them in our own work and thinking. This would issue in part from the need to preserve the Left identity and project that took shape at the site of liberal democracy, and in part from ambivalence about liberal democracy itself. In response to the loss of an object both loved and loathed, in which only the loathing or contempt is avowed, melancholy sustains the loved object, and continues to provide a cover for the love -- a continued means of disavowing it -- by incorporating and performing the loathsomeness.

36.

There are other ways ambivalently structured loss can take shape as melancholic, including the straightforward possibility of idealizing a lost object as it was never idealized when alive. Straightforward, perhaps, but not simple, for this affect also involves remorse for a past of not loving the object well enough and self-reproach for ever having wished for its death or replacement. As idealization fueled by guilt, this affect also entails heightened aggression toward challenges or challengers to the idealization. (Consider the seemingly interminable intra-Left condemnation of those progressives who did not vote for Al Gore in the 2000 presidential election.) In this guilt, anxiety and defensiveness over the loss of liberal democracy, we would feel compelled to defend basic principles of liberalism or defend liberalism tout court *in a liberal way*, that is, we would give up being critical of liberalism and in doing so, give up being left. Freud identifies this surrender of identity upon the death of an ambivalent object as the suicidal wish in melancholia, a wish abetted in our case by a more general disorientation about what the Left is or stands for today.¹⁷ Evidence for such a surrender in the present extends from our strikingly unnuanced defenses of free speech, privacy, and other civil liberties, to the staging of anti-war protests as "patriotic" through the iconography of the American flag. Often accounted as what the Left must do when public discourse moves rightward,

such accounts presume a single political continuum, ranged from extreme Left to extreme Right, in which liberals and conservatives are nothing more than the moderate versions of the extremes (communists and fascists). Not only does the model of the continuum reduce the variety of political possibility in modernity to matters of degree rather than kind, it erases the distinctiveness of a Left critique and vision. Just as today's neo-liberals bear little in common with traditional conservatives, the Left has traditionally stood for a set of values and possibilities qualitatively different from those of welfare state liberals. Of course, there are times of alliance and spheres of overlap, but a continuum does not capture the nature of these convergences and tactical linkages any better than it captures the differences between, for example, a liberal commitment to rights-based equality and a Left commitment to emancipating the realm of production, or between a liberal enthusiasm for the welfare state and a Left critique of its ideological and regulatory dimensions. So the idea that Leftists must automatically defend liberal political values when they are on the ropes, while sensible from a liberal perspective, does not facilitate a Left challenge to neo-liberalism if the Left still aims at something other than liberal democracy in a capitalist socio-economic order.

37.

Of course there are aspects of liberal democracy that the Left has come to value and incorporate into its own vision of the good society, e.g., an array of individual liberties that are to one side of achieving freedom from domination promised by transforming the realm of production. But articulating this renewed Left vision differs from defending civil liberties in liberal terms, a defense that itself erases a Left project as it consigns it to something outside those terms. Similarly, patriotism and flag waving are surely at odds with a Left formulation of justice, even as love of America, represented through icons other than the flag or narratives other than "supporting the troops," might well have a part in this formulation. Finally, not only does defending liberal democracy in liberal terms sacrifice a Left vision, this sacrifice discredits the Left by tacitly reducing it to nothing more than a permanent objection to the existing regime. It renders the Left a party of complaint rather than a party with an alternative political, social and economic vision.

38.

Still, if we are slipping from liberalism to fascism, and if radical democracy or socialism is nowhere on the political horizon, don't

we have to defend liberal democratic institutions and values? Isn't this the lesson of Weimar? I have labored to suggest that this is not the right diagnosis of our predicament: it does not grasp what is at stake in neo-liberal governmentality -- which is not fascism -- nor on what grounds it might be challenged. Indeed, the Left defense of the welfare state in the 1980s, which seemed to stem from precisely such an analysis -- 'if we can't have socialism, at least we should preserve welfare state capitalism' -- backfired from such a misdiagnosis. On one hand, rather than articulating an emancipatory vision that included the eradication rather than regulation of poverty, the Left appeared aligned with big government, big spending, and misplaced compassion for those construed as failing to give their lives proper entrepreneurial shape. On the other hand, the welfare state was dismantled on grounds that had almost nothing to do with the terms of liberal democracy and everything to do with neo-liberal economic and political rationality. We are not simply in the throes of a right-wing or conservative positioning within liberal democracy but rather at the threshold of a different political formation, one that conducts and legitimates itself on different grounds from liberal democracy even as it does not immediately divest itself of the name. It is a formation that is developing a domestic imperium correlative with a global one, achieved through a secretive and remarkably agentic state; corporatized media, schools and prisons; and a variety of technologies for intensified local administrative, regulatory and police powers. It is a formation made possible by the production of citizens as individual entrepreneurial actors across all dimensions of their lives, reduction of civil society to a domain for exercising this entrepreneurship, and figuration of the state as a firm whose products are rational individual subjects, an expanding economy, national security, and global power.

39.

This formation produces a twofold challenge for the Left. First, it compels us to consider the implications of losing liberal democracy and especially its implications for our own work by learning what the Left has depended upon and demanded from liberal democracy, which aspects of it have formed the basis of our critiques of it, rebellions against it, and identity based on differentiation from it. We probably also need to mourn liberal democracy, avowing our ambivalent attachment to it, our need for it, our mix of love and hostility toward it. The aim of this work is framed by the second challenge, that of devising an intelligent Left challenge to the neo-liberal political-economic formation now taking shape and an intelligent left counter-vision to this formation.

A half-century ago, Herbert Marcuse argued that capitalism had eliminated a revolutionary subject (the proletariat) representing the negation of capitalism; consequently, he insisted, the Left had to derive and cultivate anti-capitalist principles, possibilities, and agency from capitalism's constitutive *outside*. That is, the Left needed to tap the desires -- not for wealth or goods but for beauty, love, mental and physical well-being, meaningful work, and peace -- manifestly unmet within a capitalist order and to appeal to those desires as the basis for rejecting and replacing the order. No longer could *economic* contradictions of capitalism inherently fuel opposition to it; rather opposition had to be founded in an alternative table of values. Today, the problem Marcuse diagnosed has expanded from capitalism to liberal democracy itself: oppositional consciousness cannot be generated from liberal democracy's false promises and hypocrisies. The space between liberal democratic ideals and lived realities has ceased to be exploitable because liberal democracy itself is no longer the most salient discourse of political legitimacy and the good life. Put the other way around, the politically exploitable hollowness in formal promises of freedom and equality has largely vanished to the extent that both freedom and equality have been redefined by neo-liberalism. Similarly, revealed linkages between political and economic actors -- not merely bought politicians but arrangements of mutual profiteering between corporate America and its political elite -- do not incite outrage at malfeasance, corruption, or injustice but appear instead as a potentially rational set of linkages between state and economy. Thus, from the "scandal" of Enron to the "scandal" of Vice President Cheney delivering Iraq to Halliburton to clean up and rebuild, there is no scandal. Rather, there is only market rationality, a rationality that can encompass even a modest amount of criminality but also treats close state-corporate ties as a potentially positive value -- maximizing the aims of each -- rather than as a conflict of interest.¹⁸ Similarly, even as the Bush Administration fails to come up with WMDs in Iraq and fails to be able to install order let alone democracy there, this is irrelevant to the neo-liberal criteria for success in that military episode. Indeed, even the scandal of Bush's installation as president by a politicized Supreme Court was more or less ingested by the American people as business as usual, an ingestion that represents a shift from the expectation that the Supreme Court is independent of political influence to one that tacitly accepts its inclusion in the governmentality of neo-liberalism. Even John Poindexter, a key figure in the Iran-Contra affair and director of the proposed "Terrorism Information Awareness" program that

would have put all Americans under surveillance, continued to have power and legitimacy at the Pentagon until the flap over the scheme to run a futures market on political violence in the Middle East. All three projects are models of neo-liberalism's indifference to democracy; only the last forced Poindexter into retirement.

41.

These examples suggest that not only liberal democratic principles but democratic *morality* has been largely eviscerated -- in neo-liberal terms, each of these "scandals" is framed as a matter of miscalculation or political maneuvering rather than by right and wrong, truth or falsehood, institutional propriety or impropriety. Consequently, the Left cannot count upon revealed deception, hypocrisies, interlocking directorates, featherbedding, or corruption to stir opposition to the existing regime. It cannot count on the expectation that moral principle undergirds political action or even on consistency as a value by which to judge state practices or aims. Much of the American public appeared indifferent to the fact that both the Afghan and Iraqi regimes targeted by Bush had previously been supported or even built by earlier U.S. foreign policy. It appeared indifferent as well to the fact that the "liberation" of Afghan women was touted as one of the great immediate achievements of the overthrow of the Taliban while overthrow of the Baath regime has set into motion an immediately more oppressive regime of gender in Iraq. The inconsistency does not matter much because political reasons and reasoning that exceed or precede neo-liberal criteria has ceased to matter much. This is serious political nihilism which no mere defense of free speech and privacy, let alone securing gay marriage rights or an increase in the minimum wage will reverse.

42.

What remains for the Left, then, is to challenge emerging neo-liberal governmentality in EuroAtlantic states with an alternative vision of the good, one that rejects *homo oeconomicus* as the norm of the human *and* rejects this norm's correlative formations of economy, society, state and (non)morality. In its barest form, this would be a vision in which justice would not center upon maximizing individual wealth or rights but on developing and enhancing the capacity of citizens to share power and hence, collaboratively govern themselves. In such an order, rights and elections would be the background rather than token of democracy, or better, rights would function to safeguard the individual against radical democratic enthusiasms but would not themselves signal the presence nor constitute the central principle

of democracy. Instead a left vision of justice would focus on practices and institutions of shared popular power; a modestly egalitarian distribution of wealth and access to institutions; an incessant reckoning with all forms of power -- social, economic, political, and even psychic; a long view of the fragility and finitude of non-human nature; and the importance of both meaningful activity and hospitable dwellings to human flourishing. However differently others might place the accent marks, none of these values can be derived from neo-liberal rationality nor meet neo-liberal criteria for the good. The development and promulgation of such a counter rationality -- a different figuration of human beings, citizenship, economic life, and the political -- is critical both to the long labor of fashioning a more just future and to the immediate task of challenging the deadly policies of the imperial U.S. state.

43.

Thanks to Judith Butler, Thomas Dumm, Kathy Ferguson, and Paul Patton for especially helpful criticisms of a first draft of this essay, and to Robyn Marasco for research assistance.

Endnotes

¹ In recent years, we have been valuably instructed by a range of thinkers -- Giorgio Agamben, Etienne Balibar, Gilles Deleuze and Felix Guattari, Jurgen Habermas, Michael Hardt and Antonio Negri, Jacques Ranciere, Edward Said, Brian Massumi, Sheldon Wolin, among others -- attempting to grasp what late modernity has wrought as the sovereign nation state, liberal democracy, and postFordist capitalism morph into other forms, a morphing that takes place against the backdrop of the end of the Cold War and the emergence of U.S. global dominance.

² Governmentality is a rich term which Foucault defines as the "conduct of conduct." (*The Foucault Effect: Studies in Governmentality*, ed. Burchell, Gordon, and Miller, University of Chicago Press, 1991, p. 48.) The term is also intended to signify the modern importance of *governing* over ruling, and the critical role of *mentality* in governing as opposed to the notion that power and ideas are separate phenomena. Governmentality moves away from sovereign and state-centered notions of political power (though it does not eschew the state as a site of governmentality), from the division between violence and law, and from a distinction between ideological and material power. Finally governmentality features state formation of subjects rather than state control of subjects; put slightly differently, it features control achieved through

formation rather than repression or punishment. Having said this, note that my account of governmentality differs somewhat from those of Colin Gordon and Nikolas Rose, both of whom have worked extensively on Foucault's lectures on governmentality, and differs as well from various ways it has been taken up by other theorists. As is often the case with Foucault -- think about biopower, resistance, power/knowledge, arts of the self -- the notion of governmentality is both extremely theoretically fecund and woefully underspecified. Perhaps it could not be the former without being the latter.

³ Thomas Lemke, 'The birth of bio-politics': Michel Foucault's lecture at the College de France on neo-liberal Governmentality," *Economy and Society* 30:2 (May 2001) 190-207. Lemke and Foucault emphasize not only the continuities but the differences between the German *Ordo*-liberals and the neo-liberalism of the Chicago School. However, I will not be attending to these differences as I consider the implications of neo-liberal governmentality. For readers who are interested, the most significant difference appears to be in the degree of support for the market each judges to be required by political regulations and social interventions. Both center the market but "the *Ordo*-liberals...pursued the idea of governing society in the name of the economy [while] the U.S. neo-liberals attempt to re-define the social [and political] sphere as a form of the economic domain." (Lemke, 197-198) Thus, the former regard the economy as requiring political intervention and determining its nature, while the latter recast the economic as defining the entire sphere of human action and institutions, from individual behavior to government.

⁴ The term, liberal, could not be more confused today, not only because of its different economic and political valences and its variable historical meanings, but also because at this moment in the U.S. the standard electoral party opposition between liberal (as in liberalizing) and conservative (as in conserving) has collapsed. The Bush Administration agenda is called "radical" by liberals, an agenda that in turn positions Democrats as seeking to "conserve" welfare state policies and civil liberties against those (on the Right) who would "revolutionize" them. Moreover, as the Democratic Party struggles to re-capture an American majority, leading Democrats such as Richard Gephardt and John Kerry have joined in the right-wing practice of treating the appellation "liberal" as tantamount to Left, hence "outside the mainstream."

⁵ Neo-liberalism and neo-conservatism are quite different, not

least because the former functions as a political rationality while the latter remains an ideology, though there is significant overlap in constituency and issues. Adherents of both, for example, oppose most aspects of the welfare state. But there are also tensions: Neo-conservatism's strong moral positions -- on abortion, homosexuality, the family, etc. -- have nothing to do with neo-liberalism and actually fly in the face of the economic rationality neo-liberalism promulgates at the social level. This essay is concerned entirely with neo-liberalism but a study of the interplay of neo-liberalism and neo-conservatism is most certainly in order, especially given that the reigning Republicans are neo-cons. It would also be interesting to think about how, given the high moral agenda and tone of the neo-cons, amoral neo-liberal rationality becomes part of the arsenal of tactics and strategy for advancing a neo-con agenda -- from ruthless calculation to "dirty tricks" like intelligence manipulation.

⁶ Poulantzas, *Political Power and Social Classes*, trans. Timothy O'Hagan (London: Verso, 1975), Habermas, *Legitimation Crisis*, trans. Thomas McCarthy (Boston: Beacon, 1975), O'Connor, *The Fiscal Crisis of the State* (New York: St. Martin's Press, 1973). As thinkers in what was then called the "structuralist" response to cruder "instrumentalist" accounts of the capitalist state, all argued that whenever the state was required to ostentatiously intervene on behalf of capital (whether through overt bail-outs and subsidies or slightly more covertly through policies that favored it), the state ran the risk of a "legitimation crisis" as it tipped its hand in this way. That is, at such moments, the state revealed itself as a "capitalist" state while its legitimacy depended upon a perceived independence from social and economic powers. This is the criteria for legitimacy that neo-liberalism overcomes by casting the state as an extension of the market -- a legitimate servant of the market, an aspect of the market, or a form of the market.

⁷ Occasionally, this reaches levels of lunacy, as was the case in the Pentagon plan, ultimately nixed by the Senate Armed Services Committee, for setting up an online trading market to predict terrorist attacks. The goal of the scheme was to "improve the prediction and prevention of events by using the expertise of the open market instead of relying only on government agencies," since, the Defense Department argued, "markets are extremely efficient, effective and timely aggregators of dispersed and even hidden information" (Quoted in a BBC News Report on July 29, 2003, on line at <http://news.bbc.co.uk/go/pr/fr/->

</2/hi/americas/3106559.stm>). The plan involved setting up a futures market in which traders would make money if a terrorist event they bet on actually happened. Aside from its tastelessness, apparently the Department of Defense Advanced Research Projects Unit that designed the project had forgotten to reckon with the matter pointed out by Senate Democratic leader Tom Daschle: "this program could provide an incentive to actually commit acts of terrorism" (ibid.). However, Merli Baroudi, Director of Risk Services for the England-based Economist Intelligence Unit, which provided data for the project, defended the plan as simply "trying to gather insights of people in a cost effective way" (ibid.). Many economists, political advisors, and political pundits concurred; the plan was defended in several *New York Times* op ed pieces in the days following its termination.

⁸ Sheldon Wolin calls attention to G. W. Bush's encomium to citizens to "shop, fly, and spend" at the outset of the War on Terrorism, a supplication that contrasts sharply with the more conventional rallying of the citizenry around a war effort -- asking for civic support and individual sacrifice. (Wolin, "*Brave New World. Theory & Event* Vol. 5, No. 4. Online at http://muse.jhu.edu/journals/theory_and_event/v005/5.4wolin.html)

⁹ I recall an episode during my final year of graduate work at Princeton University: A Princeton senior had already been admitted to Harvard Law School when she was caught cheating -- plagiarizing, I think -- in a Spanish literature class. Harvard Law was informed of the event by a Princeton dean and thereupon withdrew its offer of admission. The student's family sued Princeton, on the basis that the student's career had been damaged beyond what was appropriate to the magnitude of her error. Though the suit struck many of us as astonishing in its shameless valorization of economic over moral values in a liberal arts setting, it is now clear that we were simply behind the times.

¹⁰ In a press conference just prior to invading on Afghanistan, Bush dismissed one reporter's probing with the remark "I'll let others work out the legalities," forthrightly implying that law did not represent principles that ought to frame policy but was something to be gotten around or manipulated to suit a preestablished aim. Bush responded in similar fashion to the recent Supreme Court decision in *Lawrence*, overturning state sodomy laws, when he stated that "our lawyers are currently working on the question" of how best to secure marriage as an exclusively heterosexual institution in the aftermath of this decision.

¹¹ Remark by Michael Bleyzer, former Exxon executive now running a private equity firm. Bleyzer has briefed U.S. officials, including Rumsfeld, on Iraq's political-economic future, and co-authored with Bud McFarlane a recent commentary in the *Wall Street Journal* entitled "Taking Iraq Private." The quote is from Tim Shorrock "Selling (Off) Iraq: How to "Privatize a Country and Make Millions," *The Nation*, June 23, 2003, p. 13.

¹² The American-based corporation, DynCorp International, landed a \$50 million contract with the State Department to provide "law enforcement" in post-war Iraq.

¹³ See, for example, "Winning the Real War" by Thomas Friedman, *New York Times*, July 13, 2003, Op Ed page.

¹⁴ "Out of Money, Oregon Schools End Year Early," *New York Times*, Saturday, May 24, 2003, p. 1.

¹⁵ "San Francisco Protest Brings Debate on Wages of Din," *New York Times*, June 23, 2003, p. A14.

¹⁶ In a recent *Nation* article, Sheldon S. Wolin proposed the appellation of "inverted totalitarianism" for the current organization of power in the U.S. (May 19, 2003). While the description Wolin offers is commensurate with many aspects of the neo-liberal political rationality described here, I am not persuaded that Wolin's nomenclature captures the novelty of this political form as a *rationality* that is independent of traditional forms of *rule*. What strikes me as so useful about Foucault's notion of governmentality is precisely that it apprehends the extent to which rationality governs without recourse to overt rule, or more precisely, the manner in which it governs through norms and rules rather than rule.

¹⁷ *Mourning and Melancholia*, in *The Complete Standard Edition of Freud*, ed and trans. J. Strachey (London: Hogarth Press, 1955).

¹⁸ Lemke notes that for the Chicago School neo-liberals, "a criminal is not a psychologically deficient person or a biological degenerate...The criminal is a rational-economic individual who invests, expects a certain profit and risks making a loss. From the angle of *homo oeconomicus* there is no fundamental difference between a murder and a parking offence. It is the task of the penal system to respond to a supply of crimes, and punishment is one means of constraining the negative externalities of specific

actions....For the neo-liberals, crime is no longer located outside the market model, but is instead one market among others." p. 199.

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